

Town of Los Altos Hills



Operating Budget
Fiscal Year 2001-02

Town of Los Altos Hills

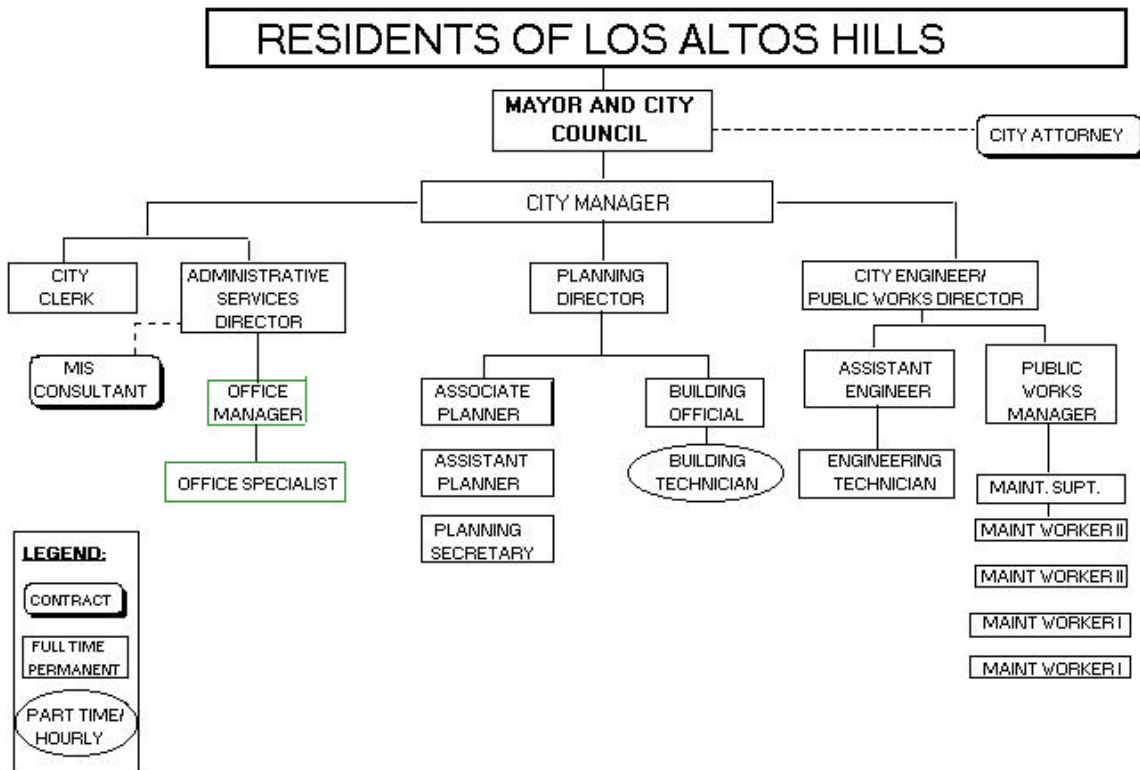
ADOPTED OPERATING BUDGET FISCAL YEAR 2001-02

Toni Casey	Mayor
Bob Fenwick	Mayor Pro Tem
Emily Cheng	Councilmember
Steve Finn	Councilmember
Mike O'Malley	Councilmember

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Town Organization Chart



APPROPRIATIONS and INTERFUND TRANSFERS

Fiscal Year 2001-2002

I. APPROPRIATIONS

<u>Fund</u>	<u>Program</u>	<u>Appropriation</u>
General	Operations	
	City Council	34,100
	City Manager	202,042
	City Clerk	135,264
	Finance	247,173
	City Attorney	161,500
	Community Services	30,298
	Town Committees	73,143
	Public Safety	652,407
	Planning	556,446
	Building	433,992
	Engineering	452,954
	Public Works	937,857
Total General Fund	Operations	3,917,176
Solid Waste Fund	Operations	1,472,610
Sewers Fund	Operations	<u>577,483</u>
Total Operations Budget		5,967,269

II. INTERFUND TRANSFERS

To the General Fund for Reimbursement of Administrative Expenses:	
Solid Waste Fund	54,963
Sewers Fund	<u>67,028</u>
Total	121,991

Financial Highlights

Fiscal year 2000-01 was a year of transition for the Town of Los Altos Hills. With a high level of turnover in the Town's professional personnel, resources were immediately shifted into the recruitment and retention of quality staff. Under the administration of a part-time interim City Manager, the Town endeavored to provide timely and quality services to residents, while moving forward on several long-term projects. Some progress was made on priority areas, such as the deferred maintenance on the Town's major infrastructure systems, and update of the Town's General Plan and related ordinances.

The Town continued to customize and refine its information systems and processes for more effective delivery of municipal services. A substantial amount of new hardware – fourteen workstations, and a replacement printer – were procured and installed early in the fiscal year. Careful consideration has been given to planning the Town's information systems in this 2001-02 Operating Budget, as well as maximizing use of current systems.

Once again the highest priority in this fiscal year is the preservation of the Town's infrastructure assets. Specifically, the means to provide maintenance and replacement the Town's aging streets, pathways, utilities and buildings must be considered as a requirement for the continued successful delivery of municipal services into the future. As the cost of infrastructure planning and construction continues to increase, a discussion of the Town's capital project planning, priorities and funding will be critical. The addition of a City Engineer position to this operating budget reflects a commitment to advancing infrastructure maintenance, repair and replacement on a long-term basis.

REVENUES

Total governmental revenues for the Town in fiscal year 2001-02 are projected at \$4.92 million, a 3.3 percent decline from the fiscal year 2000-01 adjusted budget. However, this amount reflects a slight increase over the budget originally adopted last year.

Early in the 200-01 fiscal year there were signs of a "cooling off" of the Silicon Valley economy. The slow-down was expected following the very rapid growth of 1999-2000, a year when increasing stock market prices, particularly within the technology sector, spurred an insatiable demand (and staggering prices) in the local residential real estate market. The Town's property transfer tax revenues, which had *doubled* the previous year, are expected to finish the 2000-01 fiscal year at \$170,000, off 31 percent.

Still, the year showed a 3.6 percent increase in governmental revenues overall. As the economy continues to slow, declines are projected for 2001-02 in almost every revenue category. The forecast for property taxes is the exception, as the hot real estate market of 2000 translates into

higher assessed valuation of real property. In 2000-01, a 15 percent rise in property tax assessments was experienced, but a County adjustment for No/Low Property Tax cities lowered the increase in actual property revenues to the Town to only 3.5 percent. Based on the most recent tax roll totals available, a 20 percent increase in property taxes is anticipated for 2001-02. Most other taxes are expected to level off somewhat, and real property transfer tax revenues are expected to return to their pre-1999 levels. Even motor vehicle in lieu fee (MVLF) revenue (categorized as intergovernmental revenue) is expected to retreat. Although motor vehicle license fees were lowered to the consumer in 1999, the State continues to subsidize the fee reduction to keep local government's share of the MVLF revenue in tact.

Other receipts for the General Fund are also projected to decline. Revenues from Permits and Licenses, which consist mainly of building fees and increased 23 percent in 2000-01, will slow with the economy. Development applications, a precursor of the building permit process, have kept pace with 1999/2000 levels, but are predicted to slow now as well. As a result, Planning-related Charges for Services are predicted to slow between 15-25 percent.

Franchise fee and intergovernmental revenues are projected to fall this year, as PG&E's bankruptcy casts a cloud of uncertainty over franchise fees already received for the calendar year 2000. In addition, investment revenue should decrease with a decline in interest rates earned in California's Local Agency Investment Fund (LAIF). Although interest rates have declined sharply over last year's estimated return of 6.3 percent, the Town may decide to pursue a more active investment strategy, providing for a longer-term, diversified and slightly higher-yielding portfolio than LAIF alone can provide. A return rate of 5.25 percent has been projected for the 2001-02 fiscal year.

The Town's Enterprise Funds revenues are currently under review, as rate increases for both sewer and garbage collection services may soon be necessary to keep pace with increasing operating expenditures.

OPERATING EXPENDITURES

Total operating expenses for the General Fund in fiscal year 2001-02 are projected to be close to the \$4 million mark. This represents a slight percent decrease over the 2000-01 adjusted budget, but a \$567,000 (16.7 percent) increase over the estimated actual expenses for 2000-01. Budgets for Salaries and Benefits are increased in every department, largely the result of the Comparable Salary Study performed early this year, but also reflecting full achievement of authorized staffing levels. The addition of a professional City Engineer position will effect the largest increase in departmental spending, though savings in consultant costs should be realized in the longer term. Higher actual spending levels are anticipated in Public Works, also aided by the addition of the on-site City Engineer position and a full crew to staff the maintenance effort for the Town's pathways, streets and storm drainage systems.

Salaries are budgeted to increase by 6.3 percent, based on the February, 2001 12-month growth in Bay Area Urban Wage Earners CPI. Step (merit) increases were also included in the proposed budget where they may be applicable. Higher salary expenses resulted in higher employee benefits, and the benefit rate increased slightly from 23 percent of payroll costs to 25 percent. The amount paid by the Town to the California Public Employee's Retirement System (CalPERS) for the employer's retirement contribution increased from last year's low 2.299 percent to 2.806 percent, a 22 percent increase. Although it is doubtful that the low employer's rate is reflective of the true cost of the retirement plans provided, CalPERS rates are pinned to the rate of return experienced by the investments in the retirement fund in past years. The premiums for employee health insurance, which the Town also obtains from CalPERS, increased almost 10% last year. Another 10% increase has been budgeted for the new plan period, which begins January 1, 2002, as the cost of health care continues to increase nationwide. A vision care plan that was approved in 2000-01 will finally be implemented in July; no other new benefits were anticipated in the Town's compensation package for this fiscal year.

The 2001-02 budget includes professional service and consultant contracts in several project-specific areas: \$15,000 to assist with the preliminary design and project planning for a new Town Hall Facility; \$20,000 for an evaluation of development fees and related costs; \$50,000 to begin the conversion of the Town's planning and building permit files from microfiche to cd-rom; \$30,000 to continue the General Plan's Land Use Element update; \$20,000 for analysis of effective GIS system use; and \$12,500 for Website improvements.

The Town's was able to make significant headway in sanitary sewer main repair/replacement, spending over \$400,000 in this effort in 2000-01. Sewer infrastructure continues to be a concern, although mapping and evaluation of the Town's sewer infrastructure has allowed the identification of the areas most in need of attention. \$100,000 has been budgeted for sewer maintenance and main repairs in 2001-02. Costs of the long-awaited Sewer Master Plan will be included in the Capital Projects Budget.

The Town Center Operations budget will remain relatively stable as the Town Hall Building receives only limited repairs and maintenance in anticipation of new facilities. The costs of facility needs such as Housekeeping, Landscaping and Security will remain level, but no funds have this year been set aside for further upkeep or replacement of any key components of the structure. Some budget is proposed for emergency repairs as may be required in the short term. Funding for consultant services to assist with the new facilities project planning is included in the City Manager's budget, and construction costs will be included in the 2001-02 Capital Budget. This budget also includes the cost of utilities, which are expected to double as a result of California's energy crisis.

TRANSFERS

Proposed budget transfers to the General Fund for fiscal year 2001-02 overhead expenses were calculated in a manner similar to that of the prior year. The overhead cost allocation formula was evaluated and updated to reflect the estimated administrative time involved for each of the Town's operational departments and Enterprise Funds. Transfers from the Enterprise Funds will serve to recoup \$122,000 by the General Fund in overhead allocations.

Transfers to the Capital Improvements Project Fund will be determined upon the adoption of the CIP Budget, this year beginning July 1, 2001 to coincide with the Town's fiscal year. Almost \$4 million of unspent funding resides in the Capital Projects Fund, appropriated to projects approved by Council in recent years: \$2.4 million was appropriated for Pavement Management in 2000-01, for which a contract should be approved this fall, and the Town's major pathway construction/rehabilitation project along Magdalena Avenue (\$720,000) has been put on hold. It is anticipated that the addition of an in-house City Engineer will help move some of these major projects to fruition. While the Town continues its attempts to provide adequate maintenance for the Town's aging infrastructure, replacement needs must be addressed. A large effort this year will be to plan for and establish infrastructure information systems that will allow the determination of where the Town's capital funds should optimally be directed. It should be noted that part (\$3,060,000) of the Town's General Fund balance has in past years been designated as reserved for Capital Improvements Projects that cannot be provided from the current year budget. \$750,000 of the General Fund balance has also been designated for the Town Hall replacement.

FUND LEVELS

To enable a \$3.4 million transfer to the Town's Capital Projects fund in 2000-01, General fund reserves experienced a decrease of \$1.5 million, for a balance at year-end of approximately \$5.2 million. Although the operations spending budget submitted is within the 80% guideline of General Fund revenues, the \$1.1 million of net General Fund revenues over expenditures from operations is not anticipated to provide adequate funding for the Town's capital needs. The emphasis on development of infrastructure information systems should help determine the long-term needs

Although the proposed operation budget reflects a thoughtful and prudent allocation of the Town's resources, it is recognized that due to budgetary controls, some budgetary savings will be experience in all departments, adding to the amount available capital projects or reserves. Every effort has been made to provide realistic expenditure proposals, consistent with the Council's stated priorities, to those areas that most need attention and will provide the means to better service the Town's residents long into the future. The budget is supported by revenues that remain fairly consistent even in a period of a slowing economy. The Enterprise funds also reflect good current fiscal health, and adequate revenues for operations.

The Fund Summaries, which display all revenues, expenditures, interfund transfers and reserve levels by fund, are shown on pages 70 through 75 of this document.

LEVELS OF BUDGETARY CONTROL

This operating budget document contains a proposed expenditures budget for each department or program of the Town, accompanied by supporting narrative that provides details of significant program or service level changes from the prior year's budget. Although the budget document shows specific expenditures in line-item detail, budgetary review exists only at the level of expenditure categories (i.e., salaries and benefits, contract services, supplies and materials, etc.) within each department or program. The departmental budgets are utilized as guidelines, with emphasis placed on proper recording and reporting of the actual expenditures.

Budgetary controls are applied at an even higher level. Council must authorize, by budget amendment, all expenditures that exceed the following appropriations:

<u>Fund</u>	<u>Subfunds</u>	<u>Level of Budgetary Control</u>
General Fund	General Fund Drainage Operations Street Operations	Department or program within each subfund
Special Revenue Fund	COPS Pathways Construction	Subfund
Enterprise Fund	Sewer Fund Solid Waste Fund Internal Service Fund	Subfund
Capital Projects		Project (account)

In addition to the above controls, departmental appropriations for salaries and benefits, which are based on the Employee Classification and Compensation Plan, may not be exceeded without Council approval.

The City Manager has the authority to make or approve administrative adjustments to the budget as long as those changes will not have a significant impact on projected year-end fund balances. In addition, the City Manager's contingency account is a budgetary account only; funds may be transferred from the contingency account to augment any other line item budget as approved by the City Manager.

Revenues – Governmental Funds

As noted in the mid-year report, the 2000-01 fiscal year marked a peak of the economic expansion of the last years of the century. The economy has shown definite signs of slowing since the fall of 2000, and the over-the-top Town's revenues, especially from real property transfer taxes from a booming real estate market, have settled back to a more normal level. No budget adjustments were necessary for Town's governmental revenue sources, as the record-breaking economic growth was not forecasted to continue. Most revenues will fall close to expectations established with the adopted budget. Although development activity (and related fee revenue) is projected to slow further in the new fiscal year, an increase in property taxes should prevent total revenues from sliding significantly over the next 12 months.

Property Taxes. Early in the 1999-2000 fiscal year the County notified the Town that apportionments of property taxes to No/Low property tax cities in Santa Clara County had been erroneously high since 1996. An adjustment in the No/Low property tax formula, though not retroactive, served to diminish property tax revenues in 2000-01, which would have increased 14% without the downward adjustment. However, as a result of the extremely high turnover and value of properties which changed hands in 2000, a 20% increase in assessed valuation of the Town's secured property tax rolls from the County's Tax Assessor has been noted. A proportionate increase in secured property tax revenues is anticipated in 2001-02.

Other Taxes. Other Tax revenues are expected to reach \$417,000, 16.5 percent lower than last year's adopted budget. Real property transfer taxes rose sharply (to \$247,000) during 1999-2000, but have returned to more modest levels. A projected \$120,000 is expected from this source in the new fiscal year from this source. Very little change is anticipated in non-property related taxes.

Franchise Fees. The Town's garbage collection franchise agreement with Los Altos Garbage Company (LAGCo) provides over half of the franchise fee revenues collected by the Town. The Town's General Fund receives 10% of garbage service revenues as franchise fee. Although garbage rates are planned to be increased by 3.76 percent early in the fiscal year, revenues from debris boxes decrease somewhat with an anticipated slowing in development (and demolition) activities. The other major franchise agreement with the Town is for gas and electric utilities, which are very much at risk with PG&E's recent bankruptcy. Although the State has stepped in to hammer out a resolution to the energy crisis, it is unlikely that local government franchise revenues from the gas and electric utilities will be left unscathed.

Nevertheless, \$80,000 has been included in 2001-02 revenues for this franchise fee; this revenue source and amount will be further analyzed at mid-year.

Licenses and Permits. Revenues from licenses and permits are projected to decrease slightly (5.8 percent) over the prior fiscal year actual levels. Building activity made quite a rebound in 2000-01 from the prior fiscal year, but a decrease from this revenue source is anticipated due to the cooling of the economy in general.

Intergovernmental Revenues. Last year Intergovernmental revenues, which consist mainly of MVLF (Motor Vehicle In-lieu Fees), continued to grow moderately. It was noted, however, that the State dropped the fees charged on motor vehicles in 1999 due to the budgetary surplus, and has since subsidized that amount of the fee that had been allocated to local governments. Therefore, though cities have not experience a loss of MVLF revenues to date, these “subsidized” fees are at risk should the State need to boost revenues to pay for any unanticipated shortfall in the State coffers. MVLF fees represent nearly 10% of the Town’s General Fund revenue, and are budgeted at \$400,000 in the 2001-02 fiscal year.

Charges for Current Services. Much of the Current Services revenue budget contains projected fees from planning support for the Town's development activities; almost one-half is revenues for billable services. The volume of project review decreased somewhat in 2000-01 (estimated at \$599,500) from that experienced in the 1999-2000 fiscal year (\$660,700); this level is expected to drop further in 2001-02. Although the \$454,000 projection for this revenue category is well below actual levels of the prior year, \$90,000 of the decrease is due to a projected decrease in billable services for contract engineers, geologists, and attorneys. These revenues are offset in the departmental expense budgets. Less reliance may be placed on the Town’s engineering consulting firm as adjustments continue to be made in the configuration of internal engineering staff.

Los Altos Hills has in the past endeavored to set charges in both building permits (Licenses and Permits) and planning services (Charges for Services) to cover the costs of providing each service. Development revenues, including charges for current services and building permits, are budgeted at \$1.33 million for fiscal year 2001-02, vs. the underlying projected expense of \$1.66 million for planning, building, engineering, and administrative support. Historically, development-related revenues have exceeded the conservative revenue budgets, and expenditures have been limited by budgetary controls. Therefore it is anticipated that actual revenue and expenditure totals in this area will be roughly equal. For the fiscal year ending June 30, 2001, estimates are \$1.52 million for revenue and \$1.40 million in expenses. Except for direct pass-through billings of professional fees, the rates for development charges have remained unchanged since 1994.

Use of Money and Property. In estimating interest revenues for the Town’s General Fund, two factors must be considered: the yield on funds in the Town’s investment portfolio, and projected cash balances. Last year the return on LAIF funds rose from 6.18 percent in July

2000 to 6.52 percent in December, and then dropped to the current 5.97 percent in March 2001. Based on current economic trends, interest rates earned on LAIF investments, which have an average maturity of 185 days, should continue to decrease over current year levels. An average yield of 5.25 percent is anticipated for this budget year. The Town may decide to diversify into longer-term investments for a higher yield, although there would be some cost in implementing a more active investment management strategy than depositing the funds with LAIF.

In estimating cash balances, it has been assumed that all of the governmental revenues (including overhead transfers from enterprise funds) not appropriated to operational needs will be used to fund capital projects. A draw on general fund reserves, anticipated to pay for capital projects, coupled with the lower interest rate projection, should result in a decrease in the overall earnings of the Town's investment with LAIF. The resulting interest income estimate for the General Fund is \$500,000, a 15.3 percent decrease over the 2000-01 interest income projection.

Moderate increases are anticipated in rental revenues, as most rental contracts with the Town contain a provision for an annual CPI increase.

Drainage Fund Revenues. Town revenues from drainage fees, which are charged as part of the building permit process, were adjusted downward by \$30,000 at midyear in 2000-01. Projects that increase impervious area of the property result in a higher fee than simple remodel projects. Because the volume of building permits is projected to decrease, and developable area is declining, drainage revenues should also decrease over last year's estimated amounts, providing an estimated \$150,000 in 2001-02.

Street Fund Revenues. State distributions of gas tax revenues are budgeted to increase slightly from last year's estimates, to approximately \$169,900 in the upcoming fiscal year according to the State Controller's projections. Street encroachment fees, which are difficult to project in advance, have decreased slightly in the past fiscal year. Since development activity is expected to level off in fiscal year 2001-02, the encroachment fee revenue budget has been decreased as well.

GOVERNMENTAL FUNDS – REVENUES

	Actual FY 1999-00	Adopted Budget FY 2000-01	Estimated Actual FY 2000-01	Adopted Budget FY 2001-02	% Change From 00-01 Adj Budg	% Change From 00-01 Estimated
GENERAL FUND						
PROPERTY TAXES						
Secured Property Taxes	680,315	780,000	780,000	940,000	20.5%	20.5%
Unsecured Property Taxes	79,785	82,000	96,000	102,000	24.4%	6.3%
HOPTR	9,505	9,700	10,000	9,500	-2.1%	-5.0%
No/Low Property Taxes	394,773	314,000	314,000	376,000	19.7%	19.7%
Other Property Taxes	4,083	24,000	24,172	24,000	0.0%	-0.7%
TOTAL	1,168,460	1,209,700	1,224,172	1,451,500	20.0%	18.6%
OTHER TAXES						
Business License Tax	172,472	172,000	172,000	172,000	0.0%	0.0%
Real Property Transfer Tax	247,186	210,000	170,000	120,000	-42.9%	-29.4%
Sales & Use Tax	100,716	90,000	110,000	100,000	11.1%	-9.1%
Public Safety Sales Tax	35,420	27,500	27,500	25,000	-9.1%	-9.1%
Off-Highway Motor Veh In-Lieu	60	130	162	150	15.4%	-7.4%
TOTAL	555,853	499,630	479,662	417,150	-16.5%	-13.0%
FRANCHISE FEES						
Franchise Fees - Water	8,803	9,200	9,745	10,500	14.1%	7.7%
Franchise Fees - Solid Waste	160,165	166,900	169,000	167,000	0.1%	-1.2%
Franch Fees - Gas & Electric	81,235	83,000	80,146	80,000	-3.6%	-0.2%
Franch Fees - Cable TV	31,467	32,000	32,263	30,000	-6.3%	-7.0%
Franchise Fees - Cellular	335	450	321	300	-33.3%	-6.5%
TOTAL	282,005	291,550	291,475	287,800	-1.3%	-1.3%
PERMITS & LICENSES						
Building Permits	585,971	755,000	755,000	720,000	-4.6%	-4.6%
Electrical Permits	21,584	22,000	22,000	18,000	-18.2%	-18.2%
Heating Permits	16,287	22,000	22,000	17,000	-22.7%	-22.7%
Plumbing Permits	22,068	22,000	22,000	20,000	-9.1%	-9.1%
Excavation Permits	0	0	75	0	0.0%	-100.0%
Housing Permits	36,750	39,000	39,000	38,000	-2.6%	-2.6%
Structural Add'n Permits	7,748	8,000	8,000	6,000	-25.0%	-25.0%
Septic Tank Fees	3,200	3,000	3,750	3,000	0.0%	-20.0%
Plan Retention Fees	26,925	24,000	24,000	23,000	-4.2%	-4.2%
Energy Fee	48,124	50,000	50,000	47,000	-6.0%	-6.0%
Dog Licenses/Kennel Fees	6,888	6,500	6,000	5,000	-23.1%	-16.7%
Other Permits/Licenses	0	0	110	0	0.0%	-100.0%
TOTAL	775,544	951,500	951,935	897,000	-5.7%	-5.8%
USE OF MONEY & PROPERTY						
Interest Earnings	473,421	590,000	590,000	500,000	-15.3%	-15.3%
Rental-Westwind Barn, Byrne	15,486	15,930	15,930	16,500	3.6%	3.6%
Rental-Purissima Hills Water	6,000	6,000	6,000	6,500	8.3%	8.3%
Rental-Sun Country Cable	19,196	20,760	20,760	21,500	3.6%	3.6%
Rental-Bay Area Cellular Corp	21,453	21,100	21,100	23,500	11.4%	11.4%
Rental-Playing Fields	2,280	2,400	2,400	0	-100.0%	-100.0%

TOTAL	537,837	656,190	656,190	568,000	-13.4%	-13.4%
INTERGOVERNMENTAL REVENUE						
Motor Vehicle In Lieu Fees	417,807	439,000	439,000	400,000	-8.9%	-8.9%
Muni Court Fees	1,334	1,200	1,500	1,500	25.0%	0.0%
Vehicle Code Fines	12,130	10,000	10,000	8,000	-20.0%	-20.0%
Grant Revenue	850	0	0	0	0.0%	0.0%
Abandoned Vehicles Recovery	3,751	2,900	2,900	3,000	3.4%	3.4%
Other Intergov't Revenue	2,625	0	3,418	0	0.0%	-100.0%
TOTAL	438,496	453,100	456,818	412,500	-9.0%	-9.7%
CHARGES FOR SERVICES						
Site Development Fees	143,654	122,000	140,000	126,000	3.3%	-10.0%
Variance Fees	5,675	6,300	8,500	7,600	20.6%	-10.6%
Conditional Use Permit Fees	1,305	1,800	1,800	1,600	-11.1%	-11.1%
Conditional Development Fees	1,050	1,800	1,800	1,600	-11.1%	-11.1%
Zoning Fees	3,638	2,700	2,700	2,700	0.0%	0.0%
Tentative Map Fees	11,625	9,000	10,800	9,700	7.8%	-10.2%
Final Map Fees	0	2,250	3,160	3,000	33.3%	-5.1%
Final Map Amendment	0	525	500	0	-100.0%	-100.0%
Lot Line Adjustment Fees	7,900	4,500	2,000	1,500	-66.7%	-25.0%
Planner Charges	84,731	72,000	72,000	55,000	-23.6%	-23.6%
Engineer Charges	19,114	30,000	30,000	22,000	-26.7%	-26.7%
Real Estate Reviews	2,400	1,350	500	200	-85.2%	-60.0%
Site Development Compliance	25,525	27,500	20,000	18,000	-34.5%	-10.0%
Negative Declarations	5,695	1,350	1,000	500	-63.0%	-50.0%
Address Change	450	0	600	0	0.0%	-100.0%
Miscellaneous Planning Fees	805	750	850	0	-100.0%	-100.0%
False Alarm Charges	11,750	10,000	10,000	10,000	0.0%	0.0%
Delinquency Charges	507	350	350	400	14.3%	14.3%
Administrative Charge	15,368	12,500	12,500	10,000	-20.0%	-20.0%
Attorney's Fees	14,582	13,500	13,500	10,000	-25.9%	-25.9%
Engineer's Charges - Consultin	112,714	160,000	160,000	90,000	-43.8%	-43.8%
Geologist Charges	121,849	100,000	100,000	80,000	-20.0%	-20.0%
Other Pass-Through Charges	0	1,000	7,000	5,000	400.0%	-28.6%
TOTAL	590,336	581,175	599,560	454,800	-21.7%	-24.1%
OTHER MISC REVENUES						
Fines and Forfeitures	0	3,000	3,000	0	-100.0%	-100.0%
Maps & Reproduction Fees	3,503	4,000	4,000	3,000	-25.0%	-25.0%
Handbook	5	0	0	0	0.0%	0.0%
Pathway Map	266	300	300	0	-100.0%	-100.0%
Design Guidelines	248	250	100	0	-100.0%	-100.0%
Miscellaneous Revenue	7,911	8,000	45,000	30,000	275.0%	-33.3%
TOTAL	11,933	15,550	52,400	33,000	112.2%	-37.0%
TOTAL - GENERAL FUND	4,360,465	4,658,395	4,712,212	4,521,750	-2.9%	-4.0%
STORM DRAIN FUND						
CHARGES FOR SERVICES						
In-Lieu Fees, Storm Drains	153,571	156,000	156,000	150,000	-3.8%	-3.8%
TOTAL	153,571	156,000	156,000	150,000	-3.8%	-3.8%

TOTAL - STORM DRAIN FUND	153,571	156,000	156,000	150,000	-3.8%	-3.8%
STREET FUND						
INTERGOVERNMENTAL						
REVENUE						
Gas Tax Section 2105	49,854	51,350	51,350	52,900	3.0%	3.0%
Gas Tax Section 2106	41,628	43,000	43,000	44,000	2.3%	2.3%
Gas Tax Section 2107	66,368	66,250	66,250	68,000	2.6%	2.6%
Gas Tax Section 2107.5	2,000	2,000	2,000	2,000	0.0%	0.0%
Grant Revenue	6,305	0	0	0	0.0%	0.0%
Other Intergov't Revenue	0	59,182	59,182	60,000	1.4%	1.4%
TOTAL	166,155	221,782	221,782	226,900	2.3%	2.3%
CHARGES FOR SERVICES						
Streets Encroachment Fees	5,834	50,000	25,000	20,000	-60.0%	-20.0%
Street Excavation Fees	62,261	0	0	0	0.0%	0.0%
TOTAL	68,095	50,000	25,000	20,000	-60.0%	-20.0%
TOTAL - STREET FUND	234,250	271,782	246,782	246,900	-9.2%	0.0%
TOTAL GOVERNMENTAL FUNDS	4,748,286	5,086,177	5,114,994	4,918,650	-3.3%	-3.8%

Revenues – Enterprise Fund

SOLID WASTE FUND REVENUE. A slight decrease in developmental activity in the Town is expected to lower the number of building demolitions and associated debris box rentals next year. However, a planned 3.76 percent increase in service fees in 2001-02 should mostly offset the resulting revenue decrease. Per the agreement with LAGCo, collection costs to the Town have been increased by a CPI factor in April of each year. Despite the annual cost increases, the Town has not raised curbside collection fees until this year. Customer charges for collection and disposal are estimated to be \$1.56 million, covering all expenses of the fund, which include collection, disposal, recycling, litter control, and the County's hazardous waste program. In addition to an increase of about \$108,000 in the fund's reserves 2001-02, Solid Waste activities will provide over \$167,000 in franchise fee revenue to the Town's General Fund.

SEWER FUND REVENUE. Revenue projections in the Sewer fund have also remained steady, with a slight increase in new sewer connections in the 2000-01 fiscal year. However, maintenance costs have been increasing over the past several years, and major repairs and improvements made last year has decreased the fund's cash balances. A decrease in interest earnings is forecast, and Staff is analyzing the amount of fee increase needed to meet increased expenses and fund the replacement reserve. Sewer maintenance fees are collected through the property tax billings.

ENTERPRISE FUNDS – REVENUES

	Actual FY 1999-00	Adopted Budget FY 2000-01	Estimated Actual FY 2000-01	Adopted Budget FY 2001-02	% Change From 00-01 Adj Budg	% Change From 00-01 Estimated
SEWER FUND						
USE OF MONEY & PROPERTY						
Interest Earnings	138,485	155,000	155,000	126,000	-18.7%	-18.7%
TOTAL	138,485	155,000	155,000	126,000	-18.7%	-18.7%
CHARGES FOR SERVICES						
Sewer Assessment Charges	632,028	644,000	644,000	660,000	2.5%	2.5%
Palo Alto Sewer Connect Fee	7,194	8,000	8,000	8,000	0.0%	0.0%
Miscellaneous Planning Fees	480	0	0	0	0.0%	0.0%
TOTAL	639,702	652,000	652,000	668,000	2.5%	2.5%
TOTAL - SEWER FUND	778,187	807,000	807,000	794,000	-1.6%	-1.6%
SOLID WASTE FUND						
USE OF MONEY & PROPERTY						
Interest Earnings	29,201	29,000	35,000	34,125	17.7%	-2.5%
TOTAL	29,201	29,000	35,000	34,125	17.7%	-2.5%
INTERGOVERNMENTAL REVENUE						
AB 939 Fees	7,242	8,000	6,000	7,000	-12.5%	16.7%
TOTAL	7,242	8,000	6,000	7,000	-12.5%	16.7%
CHARGES FOR SERVICES						
Garbage Fees (From LAGCo)	1,496,978	1,475,000	1,590,000	1,560,000	5.8%	-1.9%
TOTAL	1,496,978	1,475,000	1,590,000	1,560,000	5.8%	-1.9%
OTHER MISC REVENUES						
Sale of Recyclable Materials	38,959	35,000	34,000	35,000	0.0%	2.9%
TOTAL	38,959	35,000	34,000	35,000	0.0%	2.9%
TOTAL - SOLID WASTE FUND	1,572,380	1,547,000	1,665,000	1,636,125	5.8%	-1.7%
GENERAL SERVICE FUND						
USE OF MONEY & PROPERTY						
Interest Earnings	1,783	1,900	1,200	0	-100.0%	-100.0%
TOTAL	1,783	1,900	1,200	0	-100.0%	-100.0%
OTHER MISC REVENUES						
Miscellaneous Revenue	(522)	0	0	0	0.0%	0.0%
Sale of Assets	4,580	0	225	0	0.0%	-100.0%
TOTAL	4,058	0	225	0	0.0%	-100.0%
TOTAL - GENERAL SERVICE FUND	5,842	1,900	1,425	0	-100.0%	-100.0%
TOTAL ENTERPRISE FUNDS	2,356,409	2,355,900	2,473,425	2,430,125	3.2%	-1.8%

Departmental Budgets

Budget Summaries by Department/Program

	Actual	Adjusted	Estimated	Adopted	% Change	% Change
	FY 1999-00	Budget	Actual	Budget	From 00-01	From 00-01
		FY 2000-01	FY 2000-01	FY 2001-02	Adj Budg	Estimated
GENERAL FUND OPERATIONS						
City Council	25,997	37,350	33,969	34,100	-8.7%	0.4%
City Manager	159,906	191,093	160,616	202,042	5.7%	25.8%
City Clerk	103,945	114,680	107,038	135,264	17.9%	26.4%
Finance	193,347	237,755	245,132	247,173	4.0%	0.8%
City Attorney	95,211	162,300	133,000	161,500	-0.5%	21.4%
Community Services	27,094	27,931	27,931	30,298	8.5%	8.5%
Town Committees	37,290	181,703	136,408	73,143	-59.7%	-46.4%
Public Safety	588,789	645,740	625,208	652,407	1.0%	4.4%
Planning	489,007	495,534	445,215	556,446	12.3%	25.0%
Building	300,698	374,351	363,399	433,992	15.9%	19.4%
Engineering	327,132	425,871	378,805	452,954	6.4%	19.6%
Public Works	649,375	1,120,052	734,413	937,857	-16.3%	27.7%
TOTAL	2,997,791	4,014,360	3,391,134	3,917,176	-2.4%	15.5%
ENTERPRISE FUNDS OPERATIONS						
Sewer Fund	515,355	825,766	854,143	577,483	-30.1%	-32.4%
Solid Waste	1,314,332	1,451,781	1,415,664	1,472,610	1.4%	4.0%
TOTAL	1,829,687	2,277,547	2,269,807	2,050,093	-10.0%	-9.7%
TOTAL OPERATIONS BUDGET	\$4,827,478	\$6,291,907	\$5,660,941	\$5,967,269	-5.2%	5.4%

City Council

The City Council budget for fiscal year 2001-02 has been increased slightly over prior year budgets in order to more closely reflect actual spending trends and Council priorities.

Also included is funding for an annual Council/Staff retreat. The first such retreat was held in May 2001.

	Actual FY 1999-00	Adopted Budget FY 2000-01	Estimated Actual FY 2000-01	Adopted Budget FY 2001-02	% Change From 00-01 Adj Budg	% Change From 00-01 Estimated
PERSONNEL SERVICE						
Salaries	14,500	15,000	15,000	15,000	0.0%	0.0%
TOTAL	14,500	15,000	15,000	15,000	0.0%	0.0%
OPERATING EXPENSES						
Office Supplies	16	0	0	0	0.0%	0.0%
Printing & Copying	379	1,000	248	1,000	0.0%	303.2%
Other Supplies/Materials	38	0	49	0	0.0%	-100.0%
City Membership	6,330	6,500	6,422	6,700	3.1%	4.3%
Mileage Reimbursement	0	0	100	100	0.0%	0.0%
Travel & Meetings	2,700	3,000	2,000	3,000	0.0%	50.0%
Grants & Subsidies	0	2,050	2,050	0	-100.0%	-100.0%
Special Events & Awards	1,833	9,500	8,000	8,000	-15.8%	0.0%
Other General Expense	200	300	100	300	0.0%	200.0%
TOTAL	11,498	22,350	18,969	19,100	-14.5%	0.7%
GRAND TOTAL	\$25,998	\$37,350	\$33,969	\$34,100	-8.7%	0.4%

City Manager

Proposed salaries and benefit for FY 2001-02 reflect the regular City Manager's appointment for the twelve-month period, adjusted by an amount equal to the cost of living factor utilized in budgeting other departmental salaries. Actual salary costs will be determined at the time of performance evaluation in September 2001.

The \$15,000 included in last year's operating budget for Other Consulting Services to continue a formal review of the Town Hall facility was not expended. Funding in the amount of \$15,000 has been proposed within the 2001-02 operating budget for consultant services to assist with this project as needed.

The City Manager's contingency account is proposed to remain at \$20,000 to cover small, unbudgeted projects that should not wait for the next year fiscal budget. A current year draw on the contingency account funded the additional costs of the Employee Relations Service assistance with the Town's compensation study (\$3,000) and the Council/Staff retreat (\$6,000).

	Actual FY 1999-00	Adopted Budget FY 2000-01	Estimated Actual FY 2000-01	Adopted Budget FY 2001-02	% Change From 00-01 Adj Budg	% Change From 00-01 Estimated
PERSONNEL SERVICE						
Salaries	113,494	119,905	101,145	117,341	-2.1%	16.0%
Benefits	28,881	25,164	22,598	28,459	13.1%	25.9%
TOTAL	142,375	145,069	123,743	145,800	0.5%	17.8%
OPERATING EXPENSES						
Programming & Computer	0	0	400	400	0.0%	0.0%
Other Program & Proj Consult	2,548	15,000	0	15,000	0.0%	0.0%
Office Supplies	0	0	60	0	0.0%	-100.0%
Art & Photo	25	0	0	0	0.0%	0.0%
Printing & Copying	116	0	70	0	0.0%	-100.0%
Books/Films/Publications	0	300	0	300	0.0%	0.0%
Other Supplies/Materials	0	200	370	200	0.0%	-45.9%
City Membership	35	1,000	0	1,000	0.0%	0.0%
Mileage Reimbursement	31	0	608	0	0.0%	-100.0%
Travel & Meetings	1,449	2,500	300	2,000	-20.0%	566.7%
Instruction & Training	0	500	0	500	0.0%	0.0%
On-Line Service	27	0	0	0	0.0%	0.0%
Special Events & Awards	96	0	0	0	0.0%	0.0%
Other General Expense	320	500	500	300	-40.0%	-40.0%
City Manager's Contingency	0	11,000	20,000	20,000	81.8%	0.0%
TOTAL	4,647	31,000	22,308	39,700	28.1%	78.0%
OVERHEAD						
Town Center Allocation	12,419	14,843	14,193	15,617	5.2%	10.0%
Office Equip Capital Alloc	466	181	372	925	411.0%	148.7%
TOTAL	12,885	15,024	14,565	16,542	10.1%	13.6%
GRAND TOTAL	\$159,907	\$191,093	\$160,616	\$202,042	5.7%	25.8%

City Clerk

The City Clerk's budget for 2001-02 reflects an additional line item for a subscription data service that provides up-to-date addressing information. The service would be used mainly to produce standardized mailing labels for town-wide and special mailings. Other uses include area-wide mapping and location functions.

The only other change this budget in for the fiscal year 2001-2002 is the deletion of election expenses. The next general municipal election will be held in November 2002.

	Actual FY 1999-00	Adopted Budget FY 2000-01	Estimated Actual FY 2000-01	Adopted Budget FY 2001-02	% Change From 00-01 Adj Budg	% Change From 00-01 Estimated
PERSONNEL SERVICE						
Salaries	49,426	53,103	57,773	70,987	33.7%	22.9%
Benefits	13,701	12,238	13,867	17,771	45.2%	28.2%
TOTAL	63,127	65,341	71,640	88,758	35.8%	23.9%
OPERATING EXPENSES						
Advertising/Publishing	10,818	15,000	8,500	15,000	0.0%	76.5%
Programming & Computer	6,300	0	0	0	0.0%	0.0%
Other Program & Proj Consult	2,568	4,000	2,000	4,000	0.0%	100.0%
Printing & Copying	22	2,000	408	500	-75.0%	22.5%
Microfilm Services	4,914	6,500	6,500	6,500	0.0%	0.0%
Books/Films/Publications	341	350	320	350	0.0%	9.4%
Records Management Supplies	0	2,000	1,000	2,000	0.0%	100.0%
City Membership	150	200	170	200	0.0%	17.6%
Mileage Reimbursement	42	100	100	100	0.0%	0.0%
Travel & Meetings	13	1,000	0	1,000	0.0%	0.0%
Instruction & Training	0	500	0	500	0.0%	0.0%
Data Service Subscriptions	0	0	0	1,900	0.0%	0.0%
Election Expense	2,440	4,000	3,238	0	-100.0%	-100.0%
TOTAL	27,609	35,650	22,236	32,050	-10.1%	44.1%
OVERHEAD						
Town Center Allocation	9,753	10,242	9,789	10,771	5.2%	10.0%
Office Equip Capital Alloc	366	125	257	638	410.4%	148.2%
Corp Yard Allocation	3,090	3,322	3,116	3,047	-8.3%	-2.2%
TOTAL	13,209	13,689	13,162	14,456	5.6%	9.8%
GRAND TOTAL	\$103,946	\$114,680	\$107,038	\$135,264	17.9%	26.4%

Finance

In fiscal year 2001-02 the Finance Department will focus on preparing to implement the new reporting requirements established by the Governmental Accounting Standards Board (GASB) Board that must be implemented by the end of the 2003-2004 fiscal year. The key implementation challenge of the new GASB Statement No.34 financial reporting model lies in its treatment of infrastructure assets. Finance will be working very closely with Engineering and Public Works in initiating a process to identify and assess the condition of the Town's various infrastructure systems, establishing acceptable standards of infrastructure performance, and planning for the long-term maintenance necessary to meet those standards.

The Town's new auditors are available to assist with GASB 34 implementation, and the Engineering budget includes funding for a consultant to assist in establishing effective GIS systems that would be compatible with the new fiscal reporting requirements. The Instruction and Training budget has been increased slightly so that the Town can formulate an informed and reasonable approach in implementing this significant change.

Funding for recruitment expenses is included in the Finance Department budget. The cost of a professional recruitment for the City Manager's position is reflected in the higher 2000-01 expenses. In this time of very tight labor markets, \$8,000 has been requested for the cost of employment advertising and other recruitment methods to fill any new and vacant positions, which may occur in the 2001-02 fiscal year.

Finance

	Actual FY 1999-00	Adopted Budget FY 2000-01	Estimated Actual FY 2000-01	Adopted Budget FY 2001-02	% Change From 00-01 Adj Budg	% Change From 00-01 Estimated
PERSONNEL SERVICE						
Salaries	117,355	116,857	121,763	141,502	21.1%	16.2%
Benefits	31,770	26,925	31,002	35,174	30.6%	13.5%
TOTAL	149,125	143,782	152,765	176,676	22.9%	15.7%
OPERATING EXPENSES						
Audit & Financial	14,030	20,000	20,000	20,000	0.0%	0.0%
Programming & Computer	2,606	4,800	4,800	5,440	13.3%	13.3%
Other Program & Proj Consult	0	3,000	0	0	-100.0%	0.0%
Contract Personnel	400	1,500	1,500	2,000	33.3%	33.3%
Software Maintenance Contract	3,500	3,500	3,928	4,200	20.0%	6.9%
Booking Fees	(3,418)	0	0	0	0.0%	0.0%
Office Supplies	0	50	50	0	-100.0%	-100.0%
Printing & Copying	1,020	1,200	1,200	1,200	0.0%	0.0%
Books/Films/Publications	276	200	200	200	0.0%	0.0%
Computer Software	0	1,100	1,100	350	-68.2%	-68.2%
City Membership	550	4,560	4,670	5,000	9.6%	7.1%
Postage	(1)	0	0	0	0.0%	0.0%
Mileage Reimbursement	126	200	200	200	0.0%	0.0%
Travel & Meetings	1,709	1,500	2,000	2,000	33.3%	0.0%
Instruction & Training	70	1,000	0	1,000	0.0%	0.0%
Bank Fees	142	250	200	250	0.0%	25.0%
Town Recruitment	4,138	32,000	34,000	8,000	-75.0%	-76.5%
Personnel Testing	0	500	500	500	0.0%	0.0%
Collections fees	382	250	250	250	0.0%	0.0%
Other General Expense	35	200	200	200	0.0%	0.0%
TOTAL	25,565	75,810	74,798	50,790	-33.0%	-32.1%
OVERHEAD						
Town Center Allocation	16,494	16,304	15,602	17,167	5.3%	10.0%
Office Equip Capital Alloc	619	198	409	1,017	413.6%	148.7%
Corp Yard Allocation	1,545	1,661	1,558	1,523	-8.3%	-2.2%
TOTAL	18,658	18,163	17,569	19,707	8.5%	12.2%
GRAND TOTAL	\$193,347	\$237,755	\$245,132	\$247,173	4.0%	0.8%

City Attorney

The City Attorney's budget for Town legal expenses in FY 2001-02 is virtually the same as the prior year budget. No changes in hour rates are proposed for the new fiscal period. Should projects like the new Town Hall require the City Attorney's time, the Town's legal expenses could be adjusted accordingly at mid-year. Billable charges for applicant work are expected to increase slightly (to \$20,000) due to a number of proposed annexations and subdivisions that will be getting underway early in the new fiscal year.

The insurance line item for FY 01-02 is projected to be fairly level with current year expenses. Costs are determined not only from claims activity in the Town, but the loss experience at ABAG Plan Corp (the Town's insurance pool) as a whole. Year-end equity distributions to the member agencies are expected to drop slightly as ABAG continues to refine the premium amount charged at the beginning of each year.

It is difficult to predict the amount of claims settlement expenses to be incurred, as the number and size of claims can vary widely. A \$30,000 budget for this line item is retained for fiscal year 2001-02, although claims expenses in the current year were relatively low.

	Actual FY 1999-00	Adopted Budget FY 2000-01	Estimated Actual FY 2000-01	Adopted Budget FY 2001-02	% Change From 00-01 Adj Budg	% Change From 00-01 Estimated
OPERATING EXPENSES						
Legal - City Attorney	35,815	44,000	50,000	45,000	2.3%	-10.0%
Attorney Fees - Billable	17,945	18,000	18,000	20,000	11.1%	11.1%
Insurance	32,823	50,000	35,000	46,500	-7.0%	32.9%
Travel & Meetings	207	300	0	0	-100.0%	0.0%
Liability Claims Settlement	0	30,000	20,000	30,000	0.0%	50.0%
ABAG Attorney Expenses	8,422	20,000	10,000	20,000	0.0%	100.0%
TOTAL	95,212	162,300	133,000	161,500	-0.5%	21.4%
GRAND TOTAL	\$95,212	\$162,300	\$133,000	\$161,500	-0.5%	21.4%

Community Services

The individual Community Service budgets shown are the amounts requested by each of the community organizations that have been funded in varying amounts in past years. In addition to these requests, Council has in the past approved a contribution to the Morgan Center, a service organization that has provided clerical assistance to the Town for several years. The Town will also respond to a request for funding for the non-profit organization Wildlife Rescue. Funding for the Joint Venture Silicon Valley Network will be discontinued.

The 2000-01 "estimate" shows amounts actually approved and dispersed for each of the funded organizations by the Town in the current fiscal year.

	Actual	Adopted	Estimated	Adopted	% Change	% Change
	FY 1999-00	Budget	Actual	Budget	From 00-01	From 00-01
		FY 2000-01	FY 2000-01	FY 2001-02	Adj Budg	Estimated
CHAC	7,744	8,131	8,131	8,618	6.0%	6.0%
Los Altos Senior Center	1,000	1,000	1,000	1,000	0.0%	0.0%
Community Services Agency	11,500	12,000	12,000	12,500	4.2%	4.2%
Chamber of Commerce	1,000	1,000	1,000	1,500	50.0%	50.0%
Mid-Peninsula Support Council	1,500	1,500	1,500	1,500	0.0%	0.0%
Joint Venture SVN	2,000	2,000	2,000	0	-100.0%	-100.0%
Los Altos Mediation Program	1,250	1,300	1,300	1,300	0.0%	0.0%
Los Altos Senior Coord Council	100	0	0	0	0.0%	0.0%
Morgan Center	1,000	1,000	1,000	1,000	0.0%	0.0%
Wildlife Rescue	0	0	0	2,880	0.0%	0.0%
GRAND TOTAL	\$27,094	\$27,931	\$27,931	\$30,298	8.5%	8.5%

Town Committees

Each year the Town's volunteer committees are asked to submit their budget needs to Staff for inclusion in the budget. The total budget requested by each Committee is shown in this budget proposal. Council is asked to review these budget requests, and the approved budgets will be shown individually for each committee as a separate line item in the adopted budget document. In the past, Council has approved certain Committee proposals to be included in an appropriate operating department's budget.

The Community Relations Committee's proposed budget is comprised of \$16,800 for the quarterly Town newsletter, \$11,190 for the annual spring and newcomer events, with the remaining \$250 for miscellaneous small projects.

The Pathways Committee's budget proposal includes \$15,000 for updating of the Town's pathway map, a project that was funded but not yet underway in 2000-01.

The Safety Committee has proposed \$1,800 for Family Band Radios for use during emergencies. \$500 has been proposed for the Emergency Preparedness Program for the maintenance of the various radio and backup communications installed last year.

The Utility and Information Systems Committee continues to investigate the feasibility of undergrounding utilities in the Town, but has submitted no budget proposal for the 2001-02 fiscal year.

The Town Art Curator's budget of \$2,000 will be used to continue to promote and sponsor art displays and receptions for local artists.

The Recreation and Parks Committee has requested funding to allow for the coordination and administration of recreation programs, expanding on the various classes and events established last year.

Town Committees

	Actual	Adopted Budget	Estimated Actual	Adopted Budget	% Change From 00-01	% Change From 00-01
	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>Adj Budg</u>	<u>Estimated</u>
Town Committees	0	0	200	0	0.0%	-100.0%
Community Relations Committee	190	203	250	253	24.6%	1.2%
Town Newsletters	12,866	14,800	14,800	16,800	13.5%	13.5%
Community Relation Events	7,146	10,100	10,680	11,190	10.8%	4.8%
Environmental Design & Protect	13	500	0	500	0.0%	0.0%
Finance Committee	158	200	200	0	-100.0%	-100.0%
Pathways Committee	4,372	16,000	265	15,600	-2.5%	5786.8%
Safety Committee	10	0	0	1,800	0.0%	0.0%
Emergency Preparedness	147	1,400	1,713	500	-64.3%	-70.8%
Neighborhood Coordinator Progr	0	7,900	0	0	-100.0%	0.0%
Utility and Info Systems Comm.	2,687	102,000	88,000	0	-100.0%	-100.0%
Town Curator	1,818	2,000	2,000	2,000	0.0%	0.0%
Volunteer Recognition	6,313	6,500	7,300	8,000	23.1%	9.6%
Recreation and Parks Committee	1,570	20,100	11,000	16,500	-17.9%	50.0%
GRAND TOTAL	<u>\$37,290</u>	<u>\$181,703</u>	<u>\$136,408</u>	<u>\$73,143</u>	<u>-59.7%</u>	<u>-46.4%</u>

Public Safety

Fiscal Year 2001-2002 was the fourth year of the current five-year contract with the Santa Clara County Sheriff's Department that commenced on July 1, 1997. Budgetary savings have been experienced by the Sheriff's Office in prior years to the benefit of the contracting agencies. County Communication's costs are included in the Sheriff's Department budget. Fingerprinting costs of the Cal I.D. program are anticipated to remain fairly flat, and booking fees are projected to run about \$3,500.

The Town entered into a new agreement with the City of Palo Alto in September 2000 to provide animal control and sheltering services. The cost of the services is the Town's percent share, based on animal handled, of Palo Alto's total program costs. The term of the agreement is three years.

	Actual	Adopted	Estimated	Adopted	% Change	% Change
	FY 1999-00	Budget	Actual	Budget	From 00-01	From 00-01
	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>Adj Budg</u>	<u>Estimated</u>
OPERATING EXPENSES						
Animal Control	35,358	46,240	46,240	49,100	6.2%	6.2%
Law Enforcement	544,391	590,000	570,000	594,107	0.7%	4.2%
Booking Fees	3,418	3,600	3,418	3,500	-2.8%	2.4%
Fingerprinting	5,622	5,900	5,500	5,600	-5.1%	1.8%
Other General Expense	0	0	50	100	0.0%	100.0%
GRAND TOTAL	<u>\$588,789</u>	<u>\$645,740</u>	<u>\$625,208</u>	<u>\$652,407</u>	<u>1.0%</u>	<u>4.4%</u>

Planning

The Planning Department continued to see a high level of permit activity in the 2000-2001 fiscal year. However, contract planning assistance is projected to be significantly less given that the Planning Department is now fully staffed. The budget includes \$13,000 for billable contract planner services for processing of three pending subdivisions. Geotechnical review costs are not anticipated to increase this year

The Department finished the preliminary component of the General Plan Land Use Element update by the completion of a Community Preferences Survey. The survey was distributed to Town residents in March, and the results were tabulated in April. The survey will be very useful in setting the tone for the Land Use Element update this coming year. The 2001-02 budget includes an additional \$30,000 to continue the consultant work, which will focus solely on the Land Use Element at this time. Other elements will be addressed in future years.

Included in the Program & Project Consultant Budget is \$20,000 for an evaluation of the level of development fees currently charged by the Town. A draft RFP has been prepared for a consultant for this comprehensive study to match service costs to appropriate fees.

Also included in the Planning and Building budgets is a total of \$50,000 under "Other Programs and Project Consultants" that will be used for converting the Town's planning and building permit files, which are currently stored in a microfiche format, into cd-rom format. The current estimate for converting all of the Town's estimated 55,000 planning and building microfiche slides onto cd-rom discs is \$250,000. This includes all software costs. The project cost would be spread over 5 years to limit impacts on annual budgets and divided evenly between the Planning and Building Department budgets.

Computer support and intern costs are maintained at a minimal level in the current Planning budget. Computer support is provided for troubleshooting and data updates, and an intern is expected to be used only for a portion of the year, partly for data updates and otherwise to assist with current planning projects. Funds are also budgeted for staff and Planning Commission training.

Planning

	Actual	Adopted	Estimated	Proposed	% Change	% Change
	FY 1999-00	FY 2000-01	FY 2000-01	FY 2001-02	From 00-01	From 00-01
					Adj Budg	Estimated
PERSONNEL SERVICE						
Salaries	183,991	202,103	182,761	258,585	27.9%	41.5%
Benefits	48,856	51,672	40,800	58,916	14.0%	44.4%
TOTAL	232,846	253,775	223,561	317,501	25.1%	42.0%
OPERATING EXPENSES						
Professional Planner Svcs	36,385	20,000	21,781	7,000	-65.0%	-67.9%
Advertising/Publishing	1,564	1,500	4,500	3,000	100.0%	-33.3%
Programming & Computer	0	1,000	1,000	1,000	0.0%	0.0%
Other Program & Proj Consult	10,376	45,000	20,000	75,000	66.7%	275.0%
Contract Personnel	2,393	5,000	5,000	5,000	0.0%	0.0%
Other Contract Services	100	0	160	450	0.0%	181.3%
Contract Services, Billable	1,298	0	0	0	0.0%	0.0%
Prof Planner Svcs, Billable	28,213	20,000	20,000	13,000	-35.0%	-35.0%
Geologist Charges - Billable	128,158	100,000	100,000	80,000	-20.0%	-20.0%
Art & Photo	28	100	100	100	0.0%	0.0%
Printing & Copying	1,603	1,000	1,126	1,150	15.0%	2.1%
Books/Films/Publications	175	150	250	250	66.7%	0.0%
City Membership	0	500	500	500	0.0%	0.0%
Mileage Reimbursement	332	400	400	400	0.0%	0.0%
Travel & Meetings	1,340	2,000	3,000	2,500	25.0%	-16.7%
Instruction & Training	2,279	2,000	2,000	2,000	0.0%	0.0%
Special Events & Awards	42	0	0	0	0.0%	0.0%
Other General Expense	4	100	103	200	100.0%	94.2%
TOTAL	214,290	198,750	179,920	191,550	-3.6%	6.5%
OVERHEAD						
Town Center Allocation	40,357	42,492	40,667	44,745	5.3%	10.0%
Office Equip Capital Alloc	1,514	517	1,067	2,650	412.6%	148.4%
TOTAL	41,872	43,009	41,734	47,395	10.2%	13.6%
GRAND TOTAL	\$489,008	\$495,534	\$445,215	\$556,446	12.3%	25.0%

Building

The Building Department continued to process a very high level of permits in 2000-01. Contract plan check costs were up as a result. No increases in staffing were necessary over the prior year.

Permit activity for 2001-02 is expected to remain brisk but with no additional growth and perhaps a slight decline projected over the coming year. Therefore, the amount budgeted for contract plan checks was not increased given that the pace of development is expected to slow as the area economy cools off.

Included as Program and Project Consultants is \$25,000 for half of the first-year cost of converting Planning and Building files, currently on microfiche, to CD-rom format.

	Actual	Adopted	Estimated	Adopted	% Change	% Change
	FY 1999-00	Budget	Actual	Budget	From 00-01	From 00-01
		FY 2000-01	FY 2000-01	FY 2001-02	Adj Budg	Estimated
PERSONNEL SERVICE						
Salaries	133,185	156,791	145,838	181,990	16.1%	24.8%
Benefits	35,778	35,611	31,224	40,478	13.7%	29.6%
TOTAL	168,963	192,402	177,062	222,468	15.6%	25.6%
OPERATING EXPENSES						
Advertising/Publishing	91	0	179	0	0.0%	-100.0%
Programming & Computer	823	1,000	1,000	1,000	0.0%	0.0%
Other Program & Proj Consult	0	0	0	25,000	0.0%	0.0%
Contract Plan Checks	90,408	135,000	135,454	135,000	0.0%	-0.3%
Inspection & Testing	3,055	7,000	12,000	10,000	42.9%	-16.7%
Printing & Copying	0	100	100	100	0.0%	0.0%
Books/Films/Publications	302	400	400	500	25.0%	25.0%
Computer Software	0	0	53	0	0.0%	-100.0%
City Membership	385	500	500	500	0.0%	0.0%
Mileage Reimbursement	0	50	200	50	0.0%	-75.0%
Travel & Meetings	140	250	250	250	0.0%	0.0%
Instruction & Training	0	1,000	1,000	500	-50.0%	-50.0%
Other General Expense	0	50	50	50	0.0%	0.0%
TOTAL	95,204	145,350	151,186	172,950	19.0%	14.4%
OVERHEAD						
Town Center Allocation	27,223	27,062	25,895	28,492	5.3%	10.0%
Office Equip Capital Alloc	1,022	329	679	1,687	412.8%	148.5%
Vehicle Equip Operations Alloc	8,288	9,208	8,577	8,395	-8.8%	-2.1%
TOTAL	36,532	36,599	35,151	38,574	5.4%	9.7%
GRAND TOTAL	\$300,699	\$374,351	\$363,399	\$433,992	15.9%	19.4%

Engineering

The City Engineer/Public Works Director position was proposed last year for the Engineering Operations budget, and active recruitment for the position is now underway. Salaries and benefits for the 2000-01 fiscal year reflect other vacancies in the Engineering department as well. With on-site professional engineering staff, the cost for the Town's Contract Engineer will be reduced significantly.

The budget for Engineer Charges for billable plan review work has been decreased to \$90,000 as the volume of development applications anticipated for the fiscal year stabilizes, and the full engineering staff attends more effectively with these projects .

This budget includes \$20,000 to provide for a consultant to assist in establishing more effective use of the GIS system for mapping of the Town's various infrastructure systems. This project has risen to priority with the advent of financial reporting requirements that call for a complete infrastructure inventory and a quantification of asset condition and maintenance needs (Governmental Accounting Standards Board #34)

	Actual FY 1999-00	Adopted Budget FY 2000-01	Estimated Actual FY 2000-01	Adopted Budget FY 2001-02	% Change From 00-01 Adj Budg	% Change From 00-01 Estimated
PERSONNEL SERVICE						
Salaries	90,533	119,157	79,510	230,984	93.8%	190.5%
Benefits	23,587	47,738	18,366	51,427	7.7%	180.0%
TOTAL	114,120	166,895	97,876	282,411	69.2%	188.5%
OPERATING EXPENSES						
Engineering Consultants	41,816	40,000	65,000	15,000	-62.5%	-76.9%
Advertising/Publishing	91	150	0	0	-100.0%	0.0%
Programming & Computer	113	800	500	4,080	410.0%	716.0%
Other Program & Proj Consult	0	20,000	20,000	20,000	0.0%	0.0%
Contract Personnel	0	0	2,344	0	0.0%	-100.0%
Engineering Chrgs - Billable	134,281	160,000	160,000	90,000	-43.8%	-43.8%
Office Supplies	289	500	500	1,000	100.0%	100.0%
Art & Photo	2	0	0	0	0.0%	0.0%
Printing & Copying	33	800	200	200	-75.0%	0.0%
Books/Films/Publications	0	200	0	200	0.0%	0.0%
Computer Software	1,564	1,500	1,620	1,500	0.0%	-7.4%
City Membership	(55)	0	0	0	0.0%	0.0%
Mileage Reimbursement	843	1,000	1,000	1,000	0.0%	0.0%
Travel & Meetings	348	1,560	0	2,000	28.2%	0.0%
Instruction & Training	0	1,800	0	1,800	0.0%	0.0%
Other General Expense	0	300	300	300	0.0%	0.0%
TOTAL	179,326	228,610	251,464	137,080	-40.0%	-45.5%
OVERHEAD						
Town Center Allocation	32,468	30,001	28,713	31,593	5.3%	10.0%
Office Equip Capital Alloc	1,218	365	752	1,870	412.3%	148.7%
TOTAL	33,686	30,366	29,465	33,463	10.2%	13.6%
GRAND TOTAL	\$327,132	\$425,871	\$378,805	\$452,954	6.4%	19.6%

Playing Fields

This budget reflects the funding needed for maintenance of the Town's baseball fields on Purissima Road. The Los Altos Hills Little League manages these playing fields by agreement with the Town. The Town shares with the Little League the cost of the maintenance of the fields. The Town pays for landscape maintenance and water, which are the major items in the budget. The funding levels requested reflect past experience and anticipated cost increases in these areas.

	Actual	Adopted Budget	Estimated Actual	Adopted Budget	% Change From 00-01 Adj Budg	% Change From 00-01 Estimated
	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>		
PERSONNEL SERVICE						
Salaries	274	0	0	0	0.0%	0.0%
Benefits	73	0	0	0	0.0%	0.0%
TOTAL	346	0	0	0	0.0%	0.0%
OPERATING EXPENSES						
Lawn care/Landscaping	27,558	28,100	17,000	25,000	-11.0%	47.1%
Other Contract Services	0	0	4,600	0	0.0%	-100.0%
Printing & Copying	0	100	0	0	-100.0%	0.0%
Telephone	0	600	600	0	-100.0%	-100.0%
Water	11,187	12,000	12,000	12,000	0.0%	0.0%
Other General Expense	3	0	0	0	0.0%	0.0%
TOTAL	38,749	40,800	34,200	37,000	-9.3%	8.2%
OVERHEAD						
Town Center Allocation	3,988	4,389	4,203	4,624	5.4%	10.0%
Office Equip Capital Alloc	150	53	110	274	417.0%	149.1%
TOTAL	4,138	4,442	4,313	4,898	10.3%	13.6%
GRAND TOTAL	<u>\$43,233</u>	<u>\$45,242</u>	<u>\$38,513</u>	<u>\$41,898</u>	<u>-7.4%</u>	<u>8.8%</u>

Westwind Barn

The fiscal year 2001-02 Westwind Barn budget has been reduced somewhat from the prior year. Only the anticipated costs of regular facility maintenance items are included in this budget-- major or significant facility improvements are included in the Capital Improvement Budget. In accordance with the Town's Agreement with the Friends of Westwind Barn, the Westwind Barn pays the first \$1,000 for repairs and the Town pays for the remainder.

	Actual FY 1999-00	Adopted Budget FY 2000-01	Estimated Actual FY 2000-01	Adopted Budget FY 2001-02	% Change From 00-01 Adj Budg	% Change From 00-01 Estimated
PERSONNEL SERVICE						
Salaries	0	3,122	1,120	3,214	2.9%	187.0%
Benefits	0	718	240	803	11.8%	234.6%
TOTAL	0	3,840	1,360	4,017	4.6%	195.4%
OPERATING EXPENSES						
Facility Maint & Security	0	15,000	0	3,000	-80.0%	0.0%
Sewer Main Repairs	4,610	0	0	0	0.0%	0.0%
Printing & Copying	0	100	100	0	-100.0%	-100.0%
Construction Material	0	250	250	250	0.0%	0.0%
Other Supplies/Materials	0	250	250	0	-100.0%	-100.0%
TOTAL	4,610	15,600	600	3,250	-79.2%	441.7%
OVERHEAD						
Town Center Allocation	65	460	453	498	8.3%	9.9%
Office Equip Capital Alloc	2	6	12	30	400.0%	150.0%
TOTAL	67	466	465	528	13.3%	13.5%
GRAND TOTAL	\$4,677	\$19,906	\$2,425	\$7,795	-60.8%	221.4%

Pathways/Parks/Open Space

The proposed Pathways/Parks/Open Space budget is similar to last year's budget. Projected salary expense is decreased as the Town's Public Works Crew concentrates its efforts in other areas of deferred infrastructure maintenance. Roadside pathway maintenance is planned be performed on a contractual basis, and \$200,000 is proposed to fund this contract. One member of the Maintenance Crew will be assigned to the task of monitoring and coordinating the contract and providing experiential information for this effort. The Public Works Department plans to initiate this contract in the Spring of 2001. The contract maintenance will include clearing, grading, and minor reconstruction tasks. It is hoped that this approach will allow a higher level of pathway maintenance than could be provided with the Town's limited staff.

Construction of new paths is included in the Capital Improvement Program budget. Trimming of trees and shrubs along the roads and pathways is included in the Street Operations budget.

	Actual FY 1999-00	Adopted Budget FY 2000-01	Estimated Actual FY 2000-01	Adopted Budget FY 2001-02	% Change From 00-01 Adj Budg	% Change From 00-01 Estimated
PERSONNEL SERVICE						
Salaries	95,749	82,489	84,688	90,041	9.2%	6.3%
Benefits	25,404	18,906	18,785	18,746	-0.8%	-0.2%
TOTAL	121,154	101,395	103,473	108,787	7.3%	5.1%
OPERATING EXPENSES						
Tree Maintenance	46,347	6,500	0	0	-100.0%	0.0%
Pathways Maintenance	27,046	200,000	100,000	200,000	0.0%	100.0%
Weed Spraying	8,850	12,000	6,000	11,000	-8.3%	83.3%
Mowing (For Weed Abatement)	2,350	7,500	20,000	20,000	166.7%	0.0%
Other Contract Services	500	0	0	0	0.0%	0.0%
Minor Tools & Field Work	0	100	100	0	-100.0%	-100.0%
Printing & Copying	0	100	100	0	-100.0%	-100.0%
Training & Safety	0	500	0	0	-100.0%	0.0%
Construction Material	4,453	5,000	3,500	3,500	-30.0%	0.0%
Signs	0	4,500	1,000	0	-100.0%	-100.0%
Other Supplies/Materials	0	8,500	0	0	-100.0%	0.0%
Travel & Meetings	0	48	0	0	-100.0%	0.0%
Instruction & Training	0	240	0	0	-100.0%	0.0%
Water	1,384	1,200	1,200	1,200	0.0%	0.0%
Other General Expense	1,099	100	0	0	-100.0%	0.0%
Other Facility & Equipment	4,040	6,300	2,000	0	-100.0%	-100.0%
TOTAL	96,069	252,588	133,900	235,700	-6.7%	76.0%
OVERHEAD						
Town Center Allocation	16,862	25,942	24,813	27,301	5.2%	10.0%
Office Equip Capital Alloc	633	316	651	1,617	411.7%	148.4%
Vehical Equip Operations Alloc	20,719	23,020	21,443	20,988	-8.8%	-2.1%
Corp Yard Allocation	7,724	8,306	7,791	7,617	-8.3%	-2.2%
TOTAL	45,939	57,584	54,698	57,523	-0.1%	5.2%
GRAND TOTAL	\$263,162	\$411,567	\$292,071	\$402,010	-2.3%	37.6%

Graffiti Abatement

Graffiti abatement responds to the occurrences of graffiti. Graffiti has been found to repeat at visible locations in Town and the Town's strategy is to paint over the graffiti as soon as it is found. Graffiti was discovered at several new locations last year. The requested level of funding is based upon last year's experience with the program. When graffiti is found on private property, the property owners are given the option to have the Town remove the graffiti or to be reimbursed by the Town for the labor and materials to remove the graffiti.

	Actual FY 1999-00	Adopted Budget FY 2000-01	Estimated Actual FY 2000-01	Adopted Budget FY 2001-02	% Change From 00-01 Adj Budg	% Change From 00-01 Estimated
OPERATING EXPENSES						
Other Contract Services	2,530	3,500	5,800	6,000	71.4%	3.4%
TOTAL	2,530	3,500	5,800	6,000	71.4%	3.4%
OVERHEAD						
Town Center Allocation	0	284	277	305	7.4%	10.1%
Office Equip Capital Alloc	0	3	7	16	433.3%	128.6%
TOTAL	0	287	284	321	11.8%	13.0%
GRAND TOTAL	\$2,530	\$3,787	\$6,084	\$6,321	66.9%	3.9%

Storm Drain Operations

This year's budget for Storm Drain Operations reflects our experience and anticipation for next year, assuming a relatively mild winter. Last year few problems were experienced in the Town's storm drain system. Each year in the fall the Maintenance Staff inspects and cleans the system. This budget reflects the inspection and cleaning tasks.

Storm Drain operations are part of the General Fund budget. The only revenue specifically provided for Storm Drain operations is the storm drain fee assessed on new development projects that create new impervious area on the property. The revenue generated from this fee is almost sufficient to provide for storm drain maintenance operations. Staff will be considering alternate methods to fund storm drain operations that will provide additional funding for the inevitable capital improvements needed in this area.

	Actual	Adopted	Estimated	Adopted	% Change	% Change
	FY 1999-00	Budget	Actual	Budget	From 00-01	From 00-01
		FY 2000-01	FY 2000-01	FY 2001-02	Adj Budg	Estimated
PERSONNEL SERVICE						
Salaries	41,571	80,629	48,288	88,026	9.2%	82.3%
Benefits	11,025	18,479	10,543	18,925	2.4%	79.5%
TOTAL	52,596	99,108	58,831	106,951	7.9%	81.8%
OPERATING EXPENSES						
Engineering Consultants	0	12,500	0	0	-100.0%	0.0%
Storm Drain Maintenance	849	10,000	0	10,000	0.0%	0.0%
Minor Tools & Field Work	0	750	750	0	-100.0%	-100.0%
Printing & Copying	0	50	50	0	-100.0%	-100.0%
Construction Material	484	1,000	1,000	100	-90.0%	-90.0%
Other Supplies/Materials	27	15,000	2,000	0	-100.0%	-100.0%
Permits for Operation	8,819	5,000	5,000	10,000	100.0%	100.0%
Mileage Reimbursement	0	100	100	0	-100.0%	-100.0%
Travel & Meetings	0	48	200	0	-100.0%	-100.0%
Instruction & Training	0	240	0	0	-100.0%	0.0%
Other General Expense	477	0	0	0	0.0%	0.0%
TOTAL	10,656	44,688	9,100	20,100	-55.0%	120.9%
OVERHEAD						
Town Center Allocation	15,540	18,372	17,590	19,355	5.4%	10.0%
Office Equip Capital Alloc	583	224	461	1,146	411.6%	148.6%
Vehical Equip Operations Alloc	12,431	13,812	12,865	12,593	-8.8%	-2.1%
Corp Yard Allocation	7,724	8,306	7,791	7,617	-8.3%	-2.2%
TOTAL	36,279	40,714	38,707	40,711	0.0%	5.2%
GRAND TOTAL	\$99,531	\$184,510	\$106,638	\$167,762	-9.1%	57.3%

Street Operations

The Town Maintenance Crew performs minor street maintenance tasks such as pothole repairs, street signs repair and other miscellaneous repair and maintenance projects. The Pavement Management Program, as part of the Capital Improvement Program, accomplishes major street repairs. Street centerline stripping and other pavement markings are also subcontracted as part of the Capital Improvement Program.

The Maintenance Crew has been at full staff since early 2001 and now has the resources to accomplish the needed tree trimming along public streets for vehicle and pedestrian travel. This has been validated by a reduction in the number of service requests received for tree trimming during 2001. Therefore, the anticipated need for contract tree trimming, reflected but unused in last year's \$275,000 budget, decreased to \$125,000 at midyear, has been eliminated from the proposed budget. The budget for street sweeping has been reduced from \$60,000 to \$30,000 to eliminate planned monthly street sweeping during the wet weather months. The remainder of the budget reflects experience with last year and does not include any significant new activities in Street Operations.

Street operations are part of the General Fund Budget. Gas Taxes and revenues from street excavation fees are specifically provided for Street operations as well as capital improvement projects. The Town utilizes all available State funding (including Measurement B funds) to maintain the aging street system, which will require a huge capital improvement effort in the next few years.

Street Operations

	Actual	Adopted	Estimated	Adopted	% Change	% Change
	FY 1999-00	Budget	Actual	Budget	From 00-01	From 00-01
		FY 2000-01	FY 2000-01	FY 2001-02	Adj Budg	Estimated
PERSONNEL SERVICE						
Salaries	94,577	128,821	132,595	140,317	8.9%	5.8%
	25,137	29,563	27,330	29,415	-0.5%	7.6%
TOTAL	119,713	158,384	159,925	169,732	7.2%	6.1%
Benefits						
OPERATING EXPENSES						
Lawn care/Landscaping	125	0	0	0	0.0%	0.0%
Tree Maintenance	683	125,000	2,000	2,000	-98.4%	0.0%
Weed Spraying	8,300	7,500	10,000	11,000	46.7%	10.0%
Traffic Signal Maintenance	3,945	5,100	5,100	5,000	-2.0%	-2.0%
Traffic Signal Repair/Replace	1,035	2,500	1,500	1,500	-40.0%	0.0%
Street Sweeping	10,324	60,000	5,000	30,000	-50.0%	500.0%
Street Maintenance	21,157	15,000	25,000	15,000	0.0%	-40.0%
Printing & Copying	0	100	100	0	-100.0%	-100.0%
Construction Material	9,181	10,000	10,000	5,000	-50.0%	-50.0%
Signs	5,951	3,500	6,500	5,000	42.9%	-23.1%
Other Supplies/Materials	39	1,000	100	0	-100.0%	-100.0%
Mileage Reimbursement	50	0	0	0	0.0%	0.0%
Travel & Meetings	0	48	50	0	-100.0%	-100.0%
Instruction & Training	0	240	250	0	-100.0%	-100.0%
Electric	6,841	7,500	5,000	7,500	0.0%	50.0%
Congestion Management	3,422	3,500	3,500	5,133	46.7%	46.7%
Other General Expense	1,086	200	0	0	-100.0%	0.0%
Non Capital - Tools & Equipmnt	0	0	2,000	0	0.0%	-100.0%
TOTAL	72,141	241,188	76,100	87,133	-63.9%	14.5%
OVERHEAD						
Town Center Allocation	15,367	23,852	22,825	25,114	5.3%	10.0%
Office Equip Capital Alloc	577	290	599	1,487	412.8%	148.2%
Vehical Equip Operations Alloc	20,719	23,020	21,442	20,988	-8.8%	-2.1%
Corp Yard Allocation	7,724	8,306	7,791	7,617	-8.3%	-2.2%
TOTAL	44,387	55,468	52,657	55,206	-0.5%	4.8%
GRAND TOTAL	\$236,241	\$455,040	\$288,682	\$312,071	-31.4%	8.1%

Solid Waste Operations

The Town is in the fourth year of a five-year franchise agreement with the Los Altos Garbage Company (LAGCo). In addition to regular garbage collection services, the agreement provides for curbside collection of yardwaste and a mixed paper recycling collection program.

Per the franchise contract, LAGCo's compensation is adjusted each year to reflect changes in the Consumer Price Index. As a result, costs of collection increased 3.76% beginning April 1, 2001. To keep up with the increasing costs, the rates paid by customers also need to be adjusted. This Solid Waste Fund budget assumes a 3.76% increase in collection rates to begin August 1st after the required public hearings. Additional rate increases may be required with the annual adjustment to LAGCo's rate in April 2002, but have not been included in the revenue figures budgeted for the 2001-02 fiscal year.

Early in fiscal year 2000-01 more of the debris box collections that were previously transported to the Newby Island landfill were being disposed of at the Zanker Road recycling site. The change has provided some aggregate savings in the costs of disposal (approximately \$20,000), as the Zanker Road tonnage fee is less.

After a transfer to the General Fund of \$55,000, the fund should be left with an operating surplus (\$108,000) for the year.

	Actual FY 1999-00	Adopted Budget FY 2000-01	Estimated Actual FY 2000-01	Adopted Budget FY 2001-02	% Change From 00-01 Adj Budg	% Change From 00-01 Estimated
PERSONNEL SERVICE						
Salaries	9,327	13,450	12,788	15,517	15.4%	21.3%
Benefits	2,473	3,027	2,995	3,807	25.8%	27.1%
TOTAL	11,800	16,477	15,783	19,324	17.3%	22.4%
OPERATING EXPENSES						
Legal - City Attorney	2,888	1,000	1,700	1,000	0.0%	-41.2%
Other Program & Proj Consult	100	0	0	0	0.0%	0.0%
Garbage Collection - LAGCo	1,069,031	1,145,000	1,145,000	1,184,300	3.4%	3.4%
Litter Control	17,596	20,000	18,000	18,000	-10.0%	0.0%
Disposal, BFI (Newby)	132,660	160,000	75,000	80,000	-50.0%	6.7%
Recycling, Zanker Road	49,750	62,000	114,000	120,000	93.5%	5.3%
Hazardous Waste Program	9,850	16,500	16,500	17,500	6.1%	6.1%
Travel & Meetings	0	48	48	0	-100.0%	-100.0%
Instruction & Training	0	240	240	0	-100.0%	-100.0%
Other General Expense	107	300	300	300	0.0%	0.0%
TOTAL	1,281,983	1,405,088	1,370,788	1,421,100	1.1%	3.7%
OVERHEAD						
Town Center Allocation	14,435	24,421	23,328	25,640	5.0%	9.9%
Office Equip Capital Alloc	542	297	613	1,524	413.1%	148.6%
Vehicle Equip Operations Alloc	4,028	3,837	3,574	3,498	-8.8%	-2.1%
Corp Yard Allocation	1,545	1,661	1,558	1,524	-8.2%	-2.2%
TOTAL	20,550	30,216	29,073	32,186	6.5%	10.7%
GRAND TOTAL	\$1,314,332	\$1,451,781	\$1,415,644	\$1,472,610	1.4%	4.0%

Sewer Operations

Last year's budget included funds for repairs to the sewer system identified by our previous TV inspection Project. These repairs were successfully completed and no significant new repair locations have been identified, therefore the sewer main repairs budget has been reduced from \$385,000 to \$50,000 for this year. Costs of the Regional Water Quality Control Plant are projected to be up \$11,000, and the cost of the sewer maintenance contract with the City of Los Altos will increase \$17,000 over last year's estimated actual costs.

Sewer Operations are funded by a sewer service charge assessed to those properties connected to the Town's sanitary sewer system. The annual charge to these properties has not been increased since 1996. Staff is currently reviewing the need to increase the sewer service charge to keep up with rising costs of the program, and to adequately fund the Sewer Replacement Reserve.

	Actual FY 1999-00	Adopted Budget FY 2000-01	Estimated Actual FY 2000-01	Adopted Budget FY 2001-02	% Change From 00-01 Adj Budg	% Change From 00-01 Estimated
PERSONNEL SERVICE						
Salaries	14,439	32,933	22,488	35,419	7.5%	57.5%
Benefits	3,828	7,508	5,271	8,783	17.0%	66.6%
TOTAL	18,267	40,441	27,759	44,202	9.3%	59.2%
OPERATING EXPENSES						
Legal - City Attorney	230	0	0	1,000	0.0%	0.0%
Engineering Consultants	5,000	0	0	0	0.0%	0.0%
Regional WQTP Water Treatmen	152,783	154,000	156,000	167,500	8.8%	7.4%
Sewer Maintenance Work	36,496	50,000	35,000	50,000	0.0%	42.9%
Sewer Main Repairs	81,689	330,000	385,000	50,000	-84.8%	-87.0%
Other Contract Services	156,972	174,000	174,000	186,000	6.9%	6.9%
Printing & Copying	118	100	100	0	-100.0%	-100.0%
Microfilm Services	827	850	1,000	1,000	17.6%	0.0%
Other Supplies/Materials	0	150	150	0	-100.0%	-100.0%
Travel & Meetings	0	48	48	0	-100.0%	-100.0%
Instruction & Training	0	240	240	0	-100.0%	-100.0%
Other General Expense	166	200	200	0	-100.0%	-100.0%
Depreciation	45,598	45,600	45,600	45,600	0.0%	0.0%
TOTAL	479,879	755,188	797,338	501,100	-33.6%	-37.2%
OVERHEAD						
Town Center Allocation	11,769	24,343	23,303	25,640	5.3%	10.0%
Office Equip Capital Alloc	442	296	611	1,519	413.2%	148.6%
Vehical Equip Operations Alloc	3,453	3,837	3,574	3,498	-8.8%	-2.1%
Corp Yard Allocation	1,545	1,661	1,558	1,524	-8.2%	-2.2%
TOTAL	17,209	30,137	29,046	32,181	6.8%	10.8%
GRAND TOTAL	\$515,355	\$825,766	\$854,143	\$577,483	-30.1%	-32.4%

Cost Allocations

Town Center Operations

The operating and administrative expenses for Town Hall, Heritage House and City Council Chambers are maintained in this account, and are charged to department operations and Enterprise funds according to a budgeted allocation.

Expenses for building maintenance are expected to increase due to the overall poor condition of both the Town Hall and Council Chamber facilities. Based on the deficiencies identified in the independent building inspection and Fire Inspector reports prepared in prior years, Staff has endeavored to address the structural and functional systems most likely to fail and have budgeted accordingly. Funding for the initial design for new facilities is proposed in the City Manager's departmental operating budget; construction costs will be included in the Capital Improvement Projects Program.

Contracted vendor services are expected to increase in accordance with annual contract renewals. Adjustments have been made to prepare for the anticipated rising costs of natural gas, electricity and postage rates. The cost of renting additional office space, should it be necessary for the new City Engineer/Public Works Director position, has also been included here. Decreased funding in the area of Safety and Training has been proposed as most of the required training classes have been held and documentation achieved.

Where not specific to a particular department or program, the Town's Information Systems costs are included in the Town Center Operations Programming and Computer budget. The \$33,600 budget funds the contract with Aleuron Systems in the areas of general administrative support of the Town's systems, and includes Website maintenance Recommendations for a redesign and content improvements for the Town's website have been made. Although current Town processes will need to be reviewed and priorities established before a budget can be accurately developed for website changes, \$12,500 has been proposed here for this project.

Funding (\$15,000) was proposed in 2000-01 for a consultant to analyze the Town's record retention, archiving and retrieval needs, and to assist in developing a digitized solution for the Town's document storage. Staff has not yet initiated this project, so the funding is again proposed for the new fiscal year budget. Although a conversion of the planning and building files from microfiche to CD-rom is anticipated to begin in 2001-02, a comprehensive and integrated solution will be required to include the processing and retention of all Town documents and records.

Town Center Operations

	Actual	Adopted Budget	Estimated Actual	Adopted Budget	% Change From 00-01	% Change From 00-01
	FY 1999-00	FY 2000-01	FY 2000-01	FY 2001-02	Adj Budg	Estimated
PERSONNEL SERVICE						
Salaries	47,450	68,420	40,900	75,663	10.6%	85.0%
Benefits	12,706	15,760	9,606	16,846	6.9%	75.4%
TOTAL	60,155	84,180	50,506	92,509	9.9%	83.2%
OPERATING EXPENSES						
Advertising/Publishing	0	150	150	0	-100.0%	-100.0%
Programming & Computer	16,218	26,880	22,000	33,600	25.0%	52.7%
Contract Personnel	0	5,000	17,200	3,000	-40.0%	-82.6%
Equipment Maint & Repair	7,430	7,000	7,000	8,000	14.3%	14.3%
Facility Maint & Security	1,632	5,000	5,000	6,000	20.0%	20.0%
Software Maintenance Contract	6,045	6,200	6,200	6,200	0.0%	0.0%
Lawn care/Landscaping	4,819	3,500	3,500	3,500	0.0%	0.0%
Housekeeping	5,014	5,200	5,600	5,800	11.5%	3.6%
Pest Control	1,083	5,000	2,000	2,000	-60.0%	0.0%
Other Contract Services	200	0	0	200	0.0%	0.0%
Office Supplies	19,738	20,000	20,000	20,000	0.0%	0.0%
Printing & Copying	0	0	70	0	0.0%	-100.0%
Safety Gear	33	0	0	0	0.0%	0.0%
Training & Safety	3,750	5,000	5,500	3,000	-40.0%	-45.5%
Books/Films/Publications	571	550	550	0	-100.0%	-100.0%
Computer Software	10,522	1,550	400	1,550	0.0%	287.5%
Computer Parts	938	400	400	100	-75.0%	-75.0%
Other Supplies/Materials	295	300	300	0	-100.0%	-100.0%
Postage	11,018	11,750	11,750	13,000	10.6%	10.6%
Small Repairs	8	0	0	0	0.0%	0.0%
Mileage Reimbursement	6	25	0	0	-100.0%	0.0%
Travel & Meetings	16	200	20	200	0.0%	900.0%
On-Line Service	4,553	5,100	5,100	5,300	3.9%	3.9%
Telephone	9,698	9,000	9,000	9,000	0.0%	0.0%
Electric	9,300	9,500	9,500	20,000	110.5%	110.5%
Water	1,769	1,800	1,800	2,000	11.1%	11.1%
Bulk Postage Meter	2,500	3,750	6,500	6,500	73.3%	0.0%
Pagers Service Contract	275	325	425	430	32.3%	1.2%
Other General Expense	0	300	300	300	0.0%	0.0%
Rent-Facilities	0	2,500	0	2,500	0.0%	0.0%
Rent - Office Mach & Furniture	2,239	9,000	9,000	9,000	0.0%	0.0%
Rent - Outside Equipment	27	0	0	0	0.0%	0.0%
Non-Capital Office Mach/Furn	87	100	100	100	0.0%	0.0%
Non-Capital Computer Equipmen	38	100	100	100	0.0%	0.0%
Building & Bldg Improvements	5,309	4,000	4,000	4,000	0.0%	0.0%
Other Facility & Equipment	0	500	500	0	-100.0%	-100.0%
Depreciation	30,799	38,250	42,241	28,000	-26.8%	-33.7%
TOTAL	155,928	187,930	196,206	193,380	2.9%	-1.4%
GRAND TOTAL	\$216,084	\$272,110	\$246,712	\$285,889	5.1%	15.9%

Office Equipment

The Office Equipment account acts as the funding mechanism for all office furniture and equipment purchases. Since large equipment and furnishings are capitalized through the Town Center allocation, the amounts charged to operations for the year are less than actual equipment purchases. This capitalization is charged to the Town's various departmental accounts over the useful life of the assets.

The year 2000-01 saw the replacement of fourteen computer workstations early in the year. A new workspace was configured for the Finance Director's area, and ergonomic chairs and a scanner were purchased. With the exception of setting up new office space for the new City Manager/Public Works Director, there are no furniture or equipment purchases scheduled for the year 2001-02.

	Actual	Adopted Budget	Estimated Actual	Adopted Budget	% Change From 00-01	% Change From 00-01
	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>Adj Budg</u>	<u>Estimated</u>
OPERATING EXPENSES						
Postage	69	0	0	0	0.0%	0.0%
Non-Capital Office Mach/Furn	1,211	2,000	2,000	2,000	0.0%	0.0%
Non-Capital Computer Equipmen	1,542	1,200	1,400	1,400	16.7%	0.0%
Office Mach & Furn	(200)	12,000	12,000	13,000	8.3%	8.3%
Computer Equipment	11,637	27,500	29,000	0	-100.0%	-100.0%
Capitalized Assets	(6,126)	(39,500)	(41,000)	0	-100.0%	-100.0%
TOTAL	8,134	3,200	3,400	16,400	412.5%	382.4%
 GRAND TOTAL	 \$8,134	 \$3,200	 \$3,400	 \$16,400	 412.5%	 382.4%

Corporation Yard

The Corporation Yard budget for fiscal year 2001-02 continues established general programs and expenditures by the Town's Maintenance Crew such as the Maintenance Safety Program and the general costs associated with the Town Corporation Yard. Improvements to the Corporation Yard, including additional paving for vehicle and materials storage, are included in the Capital Improvement Program budget.

	Actual	Adopted	Estimated	Adopted	% Change	% Change
	FY 1999-00	Budget	Actual	Budget	From 00-01	From 00-01
	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>Adj Budg</u>	<u>Estimated</u>
PERSONNEL SERVICE						
Salaries	8,185	7,851	6,800	6,427	-18.1%	-5.5%
Benefits	2,139	1,436	1,438	1,607	11.9%	11.8%
TOTAL	10,324	9,287	8,238	8,034	-13.5%	-2.5%
OPERATING EXPENSES						
Facility Maint & Security	127	0	150	0	0.0%	-100.0%
Housekeeping	47	0	0	0	0.0%	0.0%
Office Supplies	162	0	0	0	0.0%	0.0%
Minor Tools & Field Work	4,159	3,500	2,600	2,600	-25.7%	0.0%
Uniforms	2,314	2,000	2,400	2,500	25.0%	4.2%
Safety Gear	2,077	2,000	2,500	2,500	25.0%	0.0%
Training & Safety	3,750	8,000	8,000	8,000	0.0%	0.0%
Construction Material	0	0	20	0	0.0%	-100.0%
Auto & Equipment Parts	8	0	0	0	0.0%	0.0%
Other Supplies/Materials	2,654	3,000	2,500	2,000	-33.3%	-20.0%
Permits for Operation	0	600	300	300	-50.0%	0.0%
Small Repairs	0	500	500	300	-40.0%	-40.0%
Mileage Reimbursement	0	0	20	0	0.0%	-100.0%
Telephone	1,621	1,000	1,500	1,000	0.0%	-33.3%
Electric	778	1,000	600	1,000	0.0%	66.7%
Water	239	300	300	300	0.0%	0.0%
Other General Expense	94	300	200	200	-33.3%	0.0%
Building & Bldg Improvements	808	0	0	0	0.0%	0.0%
Depreciation	1,736	1,736	1,736	1,736	0.0%	0.0%
TOTAL	20,574	23,936	23,326	22,436	-6.3%	-3.8%
GRAND TOTAL	\$30,897	\$33,223	\$31,564	\$30,470	-8.3%	-3.5%

Vehicle/Equipment Operations

Depreciation expense for the Town's major vehicles and equipment is projected to remain fairly stable as older assets are depreciated and selected equipment is marked for replacement. Depreciation on the new boom truck purchased in 2000-01 approximates the depreciation cost on the older truck. Although the larger equipment is newer overall, an increased emphasis has been placed on regular maintenance of all Town vehicles and equipment.

The budget for oil and gasoline for the Town vehicles has been increased 19% to reflect the year's increase in oil and gasoline prices.

	Actual FY 1999-00	Adopted Budget FY 2000-01	Estimated Actual FY 2000-01	Adopted Budget FY 2001-02	% Change From 00-01 Adj Budg	% Change From 00-01 Estimated
PERSONNEL SERVICE						
Salaries	11,577	12,669	8,745	13,803	9.0%	57.8%
Benefits	3,080	2,914	1,570	1,607	-44.9%	2.4%
TOTAL	14,657	15,583	10,315	15,410	-1.1%	49.4%
OPERATING EXPENSES						
Minor Tools & Field Work	0	1,000	500	500	-50.0%	0.0%
Gas and Oil	7,167	8,400	8,400	10,000	19.0%	19.0%
Auto & Equipment Parts	3,584	4,000	4,500	4,500	12.5%	0.0%
Other Supplies/Materials	0	650	650	650	0.0%	0.0%
Vehicle Repair	12,804	6,000	6,000	6,000	0.0%	0.0%
Process/Permit Fees	20	0	0	0	0.0%	0.0%
Other General Expense	187	0	10	0	0.0%	-100.0%
Depreciation	31,221	41,100	32,486	32,900	-20.0%	1.3%
TOTAL	54,982	61,150	52,546	54,550	-10.8%	3.8%
GRAND TOTAL	\$69,639	\$76,733	\$62,861	\$69,960	-8.8%	11.3%

Vehicle/Equipment Capital

The 2000-01 Vehicle/Equipment Capital budget funded a replacement hydraulic boom truck. This year, the budget includes the replacement of the 1993 Ford Taurus and the 1989 Chevrolet 1-ton flat bed truck used in Public Works maintenance. This is in accordance with the Department's 10 Year Vehicle Replacement Plan.

	Actual	Adopted Budget	Estimated Actual	Adopted Budget	% Change From 00-01	% Change From 00-01
	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>Adj Budg</u>	<u>Estimated</u>
OPERATING EXPENSES						
Machinery& Equipment	49,146	0	0	0	0.0%	0.0%
Vehicles & Accessories	4,998	50,000	50,000	60,000	20.0%	20.0%
Capitalized Assets	(54,144)	(50,000)	(50,000)	(60,000)	20.0%	20.0%
TOTAL	0	0	0	0	0.0%	0.0%
GRAND TOTAL	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0%</u>	<u>0.0%</u>

Fund Summaries

**GENERAL FUND
(Combined)*
FUND SUMMARY**

Attachment 1

	Actual FY 99-00	Adopted Budget FY 00-01	Budget Amendments	Adjusted Budget FY 00-01	Estimated Actual FY 00-01	Adopted Budget FY 01-02
REVENUES:						
Property Taxes	1,168,460	1,171,700	38,000	1,209,700	1,224,172	1,451,500
Gas Taxes	159,850	162,600		162,600	162,600	166,900
Other Taxes	555,853	499,630		499,630	479,662	417,150
Franchise Fees	282,005	291,550		291,550	291,475	287,800
Permits & Licenses	775,544	801,500	150,000	951,500	951,935	897,000
Intergovernmental	444,802	423,100	89,182	512,282	516,000	472,500
Current Services	590,337	486,675	94,500	581,175	599,560	454,800
Use of Money & Prop	537,837	626,190	30,000	656,190	656,190	568,000
Other Revenues	11,933	15,550		15,550	52,400	33,000
Drainage In-lieu	153,571	186,000	(30,000)	156,000	156,000	150,000
Street Encroachment	68,095	50,000		50,000	25,000	20,000
Total GF Operating Revenues	4,748,287	4,714,495	371,682	5,086,177	5,114,994	4,918,650
EXPENDITURES:						
City Council	25,998	29,300	8,050	37,350	33,969	34,100
City Manager	159,907	193,093	(2,000)	191,093	160,616	202,042
City Clerk	103,946	118,680	(4,000)	114,680	107,038	135,264
Finance	193,348	206,755	31,000	237,755	245,132	247,173
City Attorney	53,759	62,300		62,300	68,000	65,000
Town Committees	37,290	62,903	118,800	181,703	136,408	73,143
Community Srvs	27,094	27,931		27,931	27,931	30,298
Insurance	41,452	100,000		100,000	65,000	96,500
Police & Animal Control	588,790	625,740	20,000	645,740	625,208	652,407
Planning	489,008	520,534	(25,000)	495,534	445,215	556,446
Building Inspection	300,699	336,551	37,800	374,351	363,399	433,992
Engineering	327,132	470,871	(45,000)	425,871	378,805	452,954
Playing Fields	43,233	45,242		45,242	38,513	41,898
Westwind Barn	4,677	19,906		19,906	2,425	7,795
Path, Open Space	265,692	409,067	2,500	411,567	292,071	402,010
Drainage Operations	99,531	184,510		184,510	106,638	167,762
Street Operations	233,711	605,040	(150,000)	455,040	288,682	312,071
Graffiti Abatement	2,530	3,787		3,787	6,084	6,321
Total GF Operating Expenditures	2,997,797	4,022,210	(7,850)	4,014,360	3,391,134	3,917,176
OTHER FIN. SOURCES (USES):						
Operating transfers in	129,746	118,009	0	118,009	118,009	121,991
Operating transfers out			0	0		0
Transfer to CIP Fund	(1,332,577)	(3,384,867)		(3,384,867)	(3,384,867)	*
Total Other Fin. Sources (Uses)	(1,202,831)	(3,266,858)	0	(3,266,858)	(3,266,858)	121,991
EXCESS (DEF.) OF REVENUES AND OTHER FIN. SOURCES OVER EXP. AND OTHER USES:						
	547,659	(2,574,573)	379,532	(2,195,041)	(1,542,998)	1,123,465
Fund balance at beginning of year	6,189,083	6,736,742		6,736,742	6,736,742	5,193,744
Fund balance at end of year	<u>6,736,742</u>	<u>4,162,169</u>		<u>4,541,701</u>	<u>5,193,744</u>	<u>6,317,209</u>

* Capital appropriations to be determined in the Town's Capital Improvement Budget

TOWN OF LOS ALTOS HILLS GANN LIMIT

CALCULATION OF THE 2001-2002 GANN LIMIT

Proposition 111 allows calculation of the limit for 2001-2002 according to a choice of factors:

1. ECONOMIC GROWTH

California Per Capita Personal Income

Percent growth	7.82%
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2. POPULATION

	Town	County
Percent growth	<u>1.06%</u>	<u>1.47%</u>

Appropriations Limit 2000-2001	\$3,194,674
Economic Factor	1.0782
Population Factor	1.0147
Appropriations Limit 2001-2002	\$3,495,132

Appropriations for the Town of Los Altos Hills which are subject to the provisions of Propositions 4 and 111 are not expected to reach the Gann Limit in the foreseeable future.